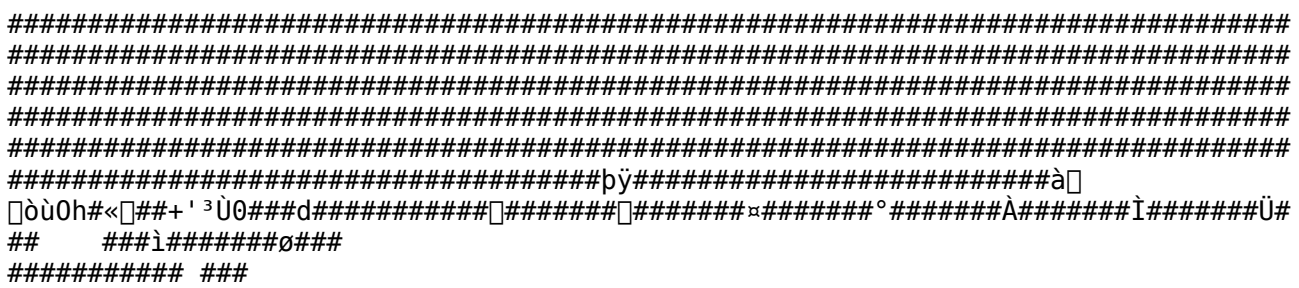

```
############################################ÿ□#ÿÿd#########d#########2##□##ßûuýô
#¾#ÿÿ###ÿÿ####Tÿn#ÿÿE#########d#########s###Decker Memorandum   ASA(RDA)     29
Apr 97 Firefinder Challenge                    Aug-Oct 97O&S OIPT Formed
                  Dec 97Industry Perspective               10 Feb 98   O&S Cost
Reduction SeminarOscar Memorandum ASA(RDA)       4 May 98Value Concepts Workshop
19-21 May 98Preliminary Findings/Guidance24 Jun 98Resulting Guidance from
      Due Jul 98    Workshop Groups□
```

#%###%#########
%####ÿ□#ÿÿd#########d#########2##□##□û\ýô#q#ÿÿ####ÿÿ####Tÿn#ÿÿE#########d#######
######1. Program Managers are in charge of total Life Cycle 2. By 10 Sept 98, for ACAT level I-III, PMs must: Apply O&S Cost Reduction InitiativesDevelop Sustainment Cost Management Annex for Acquisition Strategy Include Total Ownership Cost Reduction in the Acquisition Program Baseline Milestone Decision Authority will review O&S cost reduction   plans for programs/systems beyond Milestone III prior to   approval of modification or upgrade 3. PM to establish O&S Cost Reduction Integrated Process Teams#

##########ÿ□#ÿÿd#########d#########y###Kenneth J. Oscar - ASA (RDA) Act Assistant Secretary of the Army (Research Development and Acquisition) 4 May 98. Subject: Total Ownership Cost Reduction1. Program Managers are in charge of total Life Cycle for assigned systems: Planning, Programming, budgeting and executing sustainment funds.2. The PMs must develop the following by 10 Sept 98 for ACAT level I-III: Explore opportunities to apply existing O&S cost reduction initiatives to assigned commodities (e.g. Operating and Support Cost Reduction Program (OSCR), Modernization Through Spares (MTS), Prime Vendor Support (PVS), Fleet Management, Horizontal Technology Integration (HTI), POM Process Life Cycle Cost Reduction Proposals. Develop Sustainment Cost Management Annexes (SCMAs). The annexes will contain top O&S cost drivers, detail plans to reduce these costs, and provide metrics to measure progress. Milestone Decisions Authorities will review the SCMAs on an annual basis. New programs and ACAT I programs will add SCMAs to their Acquisition Strategies. Acquisition Program Baseline (APB)- Total Ownership Cost Reduction should be included in any APB modifications. Milestone Decision Authority (MDA) review O&S cost reduction plans for programs and systems beyond Milestone III prior to the approval of any modification or upgrade3.E) PM should establish O&S Cost Reduction Integrated Process Teams.#

##ÿ□#ÿÿd#########d#########2##□##ßûÜüô
#$#ÿÿ####ÿÿ####Qÿ□#ÿÿE#########d#########æ###Develop relevant methods to: 1.
Evaluate Contractors on O&S Cost   Reduction strategies/techniques
during Source Selection2.   Reduce O&S Costs in Legacy SystemsWeapon System
FocusCustomers:PEO/PMsLRC

##ÿ□#ÿÿd#########d#########2##□###üõü%#>#ÿÿ####ÿÿ####Uÿn#ÿÿF#########d#########y###Identify O&S Cost Factors/Drivers Address Total Ownership Costs (TOC) during system requirements definition (ORD development)Establish Evaluation Methodology for Predicted O&S Costs in Source SelectionDevelop Procedures to Identify and Reduce Legacy Systems O&S Costs Implement Continuous O&S Cost Reduction throughout the Life Cycle for All Team C4IEWS&IM Weapon Systems#

#3#########3#################3#########3####ÿ□#ÿÿd#########d#########2##□##□û)þ±
#q#ÿÿ###ÿÿ####Qÿ□#ÿÿE#########d#########»###Market ResearchSystem Requirements
Definition Guidance, e.g., ORD, Acquisition StrategyContractual Language (SOW,
L&M Clauses)Evaluation TechniquesModeling DemonstrationsLegacy Data#

#*#########*#################*#########*####ÿ□#ÿÿd#########d#########2##□##wû#þr #W###########U#n###F#########d#7#######¥###RDES STUDY □ Provides Army/Navy/Air Force demand data, past contract data, similar modes, general demands, unit costs and on-hand inventorySMART DATA SYSTEM □ Must look at two years of data to have demand and sales data to be close to each other (reconciled).DRD EXTRACT -- Demand Return Disposal FilesCONTRACT □ Provides the details of costs for many of the O&S Categories not related to replenishment spares demand.#

##########ÿ□#ÿÿd#########d#########&###Additional sources which have been viewed but not fully validated for use by Systems Analysis and Sytex are the following: LOGSA database of total demands(ARMY, NAVY, AIRFORCE for B16 and DLA items) TAV (Total Asset Visability) files CCSS files in total POC: John Husselman/Bernie Price

```
#)#########)#################)#########)####ÿ□#ÿÿd#########d#########2##□##□û□ý#
#ñ############U#n###F#########d#########ô###JSTARSGround Station
Module...Analyzing Warranties, Contract Costs  Joint Tactical Terminal
      Commanders Tactical Terminal Night VisionThermal Weapon Sight...Data
Analysis AN/AVS-6□□□□□..Data GatheringAN/PVS-7□□□□...□Data Gathering
```

###ÿÿ#####ÿ#ÿÿd#########d#########i###CTT, AVS-6, PVS-7 using data from LRC automated databasesCASA Model is______________________________y

```
#####
#################6#########6####ÿ□#ÿÿd#########d#########1##□##Àû□þü#□ÿÿÿ####ÿÿ#
####ÿ##ÿÿd#########d#########q###1.  Low Density               *System
Engineering/Program Mgmt     Highly Complex         *Integrated Material Mgmt#
```

```
#A#########A#####
##########A#########.####ÿ□#ÿÿd#########d############ÿ□#ÿÿd#########d#########1
##□##uû¦#Z###ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#########j###7. High Density or
*System Specific Training    Has Platforms or    Long Courses
```

```
#-#########-#################-#########-
####ÿ□#ÿÿd#########d#########2##□##«ûÂýÀ###ÿÿ####ÿÿ####Qÿ□#ÿÿE#########d########
#È###Data Source IdentificationApplication for PEO IEWS ProjectIdentification of
Cost DriversEstablishment of O&S Cost Reduction ProgramsTrailblazer (Old - Low
Density)Spitfire (New - High Density)
```

```
############################################ÿ□#ÿÿd#########d#########2##□##]ûBýô
#□#ÿÿ####ÿÿ####Qÿ□#ÿÿE#########d#########ù###TRAILBLAZER - Low Density Level III
SystemO&S Costs BaselinedVE Workshop to develop Cost Reduction StrategiesUse of
Cost Reduction Alternatives --    Selection Process (57 Identified)SPITFIRE -
High Density Level I SystemVE Workshop Completed#
```

```
#%#########$################################%#########
%####ÿ□#ÿÿd#########d#########2##□##□ûuý¦#¾#ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#######
##ã###OROSS items reflect 80% of CECOM business and Legacy Selection will come
from the OROSS ListLegacy Selection will be Candidate(s) with maximum potential
for reduction of O&S costs at best ROI.OROSS items with greatest potential
impact are highest quantity-demand dollar valueJoint-service items which share
configuration management will be avoided  (For the initial candidates)If product
is impacted, ROI may be lower due to required logistics changes (stock, TMs,
training□)t
```

##ÿ□#ÿÿd#########d#########3##□##□û¦ý□
#q#ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#########F### If supply or other process is impacted (reducing ALT/PLT), ROI will be maximized. Selected Systems should not be scheduled for deactivation, replacement, or privatization in the near term. Batteries will be excluded as candidates -- covered under a separate program to reduce power consumption.

```
############################################ÿ□#ÿÿd#########d#########2##□##ßûuýô
#¾##############ÿ□#ÿÿd#########d#############  Use OROSS Top 200 items  Identify
5 weapon systems with highest       quantity-demand dollar value (OIPT)  Select
final weapon system (O&S OIPT       and Directorate)□□□.   by 31 Jul  Value
Concept Workshop to determine       cost reduction  plan
```

#######################################
####ÿ□#ÿÿd#########d############ÿ□#ÿÿd#########d#########3##□##W#-
þ¡#û#ÿÿ####ÿÿ#####ÿ##ÿÿd#########d#########£### Develop Tool Kit of Models, Techniques & Strategies for Contracting for Reduced O&S Develop Sample SOW and Section L Language Share with the WorkforceÃ

###ÿÿ#####ÿ□#ÿÿd#########d#########)###Re: Partnering with TRADOC - a generic relationship versus a specific system relationship. □How to improve front end process.□Systems Engineering: We need to add O&S Considerations as part of Systems Engineering Requirements in the Acquisition Strategy. Upfront Design for Logistics is KEY!!#

```
##############ÿ□#ÿÿd#########d############ÿ□#ÿÿd#########d#########2##□##ßû\ýô#¤
#ÿÿ###ÿÿ####Qÿ□#ÿÿE#########d#########(###Source SelectionIdentify Cost Factors□
□□□□□Validate Cost Data Sources□...□.. In ProcessIdentify Cost Drivers/Patterns□
□.. In ProcessDevelop Contractual Language□... In ProcessDetermine Models to be
Used□□.. In ProcessBaseline Procedures for □□□□.. In Process Specifications
```

##############ÿ□#ÿÿd#########d############ÿ□#ÿÿd#########d#########2##□##)ûõüô#>
#ÿÿ####ÿÿ####Uÿn#ÿÿF#########d#########½###Post Award & Post ProductionTracking
Strategies and IPT Shared   Accountability... .□□□□□□□□□□....In ProcessTypes
of Contracts w/Incentives □□□□.In ProcessValidate Cost Categories in
Sustainment□In ProcessIdentify Cost Triggers for MTS.□□□...□..In Process
Identify Cost Thresholds for□□□□□□...In Process   Payment of Award/Fee
Incentives Identify Trends & Top Level Metrics□□□.In ProcessDevelop Pamphlet for
Users□□□.In Processß

```
############################################ÿ□#ÿÿd#########d#########2##□##□ûÂüô
###ÿÿ###ÿÿ####Uÿn#ÿÿF#########}#########□###Coordination with TRADOCSource
Databank ValidationCorrelation of Cost Categories to Sustainment Function and
StakeholderFinalize Draft Wording for Soliciting Industry□s Tracking
Strategies (Forecasting, Baselining, Actual Costs, Analysis)Finalize Incentive
Approach for ContractorsPreparation of Working Drafts:  SOWs, L & M ClausesUser
PamphletTARGET                                 31 Jul 98#
```

###ÿ□#ÿÿd#########d#########2##□##□ûuý¦ #¾############U#n###F#########d#########"###DAGR - Could not use model during Source Selection. Will use COMPASS model for tracking after award.Firefinder - Will use model to track O&STrailblazer - COMPASS & ACE-IT being used to evaluate cost drivers PM WIN-T - New program, using SOO for supportability inquiries to industry

```
#
#########
#################
#########
####ÿ□#ÿÿd#########d#########2##□##Èü)ý?
#q#ÿÿ####ÿÿ####Uÿn#ÿÿF#########d#########º###Cost Accounting SystemsBaselining
Current CostsTracking Costs by Weapon System Selection & Use of ModelsAo
Measured across System LifeLink Supportability Metrics to Cost Metrics
```

##ÿ□#ÿÿd#########d#########2##□##□û)þ±#q#ÿÿ####ÿÿ####Uÿn#ÿÿF#########d#########z###From Strategy Group: Need to Establish Team C4IEWS Centralized Staffing POC and LRC POC for ORD coordination with TRADOC

###ÿÿ#####ÿ□#ÿÿd#########d######### ###Per Walt Kasian, it appears that the Team C4IEWS does not have a central POC to provide a coordinated response back to TRADOC. Response should include input from such organizations as RDEC, PEO, LRC, Safety Ofc, CAIV Group, PA&I, Intel Folks et alia as appropriate. RDEC is not the Command POC. Need to get this POC in the TRADOC pamphlets. LRC POC would be the SME for ORD Development, Process, Lessons Learned.